

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7478**

**BILL NUMBER:** HB 1236

**NOTE PREPARED:** Jan 8, 2007

**BILL AMENDED:**

**SUBJECT:** Economic Analysis of Indiana's Tax System.

**FIRST AUTHOR:** Rep. Welch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill requires the Legislative Council to commission an economic analysis of Indiana's tax system.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The bill requires Legislative Council to commission an economic analysis of Indiana's tax system. The bill authorizes the Legislative Council to contract for the analysis and appropriates \$100,000 from the state General Fund in FY 2008 to pay for the analysis. The bill requires the contractor to study the following topics:

- (1) The stability of the Indiana tax system.
- (2) Equity among taxpayers.
- (3) Tax elasticity.
- (4) Taxpayer compliance.
- (5) The transparency of the Indiana tax system.
- (6) The extent to which, if any, the Indiana tax system results in market distortion.
- (7) Any other topic relevant to an economic analysis of the Indiana tax system.

The bill requires the contract to require the contractor conducting the analysis to report the findings of the analysis to the Legislative Council in electronic format before January 1, 2008. The report must include the contractor's recommendations for improving the Indiana tax system.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Legislative Council.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869.